

FINANCE COMMITTEE

October 27, 2011

Call to Order. Chair Mawhinney called the meeting of the Finance Committee to order at 5:30 P.M. on Thursday, October 27, 2011, in Jury Deliberation Room Rock County Courthouse East.

Committee Members Present. Supervisors Mawhinney, Kraft, Beaver, Podzilni, and Diestler (5:32 P.M.).

Committee Members Excused: None.

Staff Members Present. Jeff Smith, Finance Director; Craig Knutson, County Administrator; Jeff Kuglitsch, Corporation Counsel; Randy Terronez and Nick Osborne, Assistants to County Administrator.

Others Present: Carol Wirth, President, Wisconsin Public Finance Professionals, LLC.

Approval of Agenda. Supervisor Podzilni moved approval of the agenda as presented, second by Supervisor Kraft. ADOPTED.

Citizen Participation, Communications and Announcements. Mr. Smith handed out the report on sales tax collected and gave a brief report.

Supervisor Diestler arrived at 5:32 P.M.

Resolution.

Resolution Awarding the Sale of \$22,000,000 General Obligation Bonds (Rock Haven Project), Series 2011B, Providing the Form of the Bonds; and Levying a Tax in Connection Therewith

“NOW, THEREFORE, BE IT RESOLVED by the County Board of the County that:

Section 1, Award of the Bonds. The bid proposal of Morgan Stanley & Co. LLC (the “Purchaser”) is hereby accepted, said proposal offering to purchase the TWENTY-TWO MILLION DOLLARS (\$22,000,000) Rock County General Obligation Bonds (Rock Haven Project), Series 2011B (the “Bonds”) for the sum of TWENTY-TWO MILLION NINETY-NINE THOUSAND NINE HUNDRED NINETY DOLLARS (\$22,099,990), plus accrued interest to the date of delivery, resulting in a net interest cost of EIGHT MILLION SIX HUNDRED SEVENTY-FIVE THOUSAND SIX HUNDRED THIRTY-THREE DOLLARS AND NINETY-SIX CENTS (\$8,675,633.96) and a true interest rate of 3.540253%. The Bonds bear interest as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$ 345,000	2.000%
2014	620,000	2.000
2015	555,000	2.000
2016	555,000	2.000
2017	525,000	2.000
2018	525,000	2.000
2019	525,000	2.500
2020	1,150,000	3.000
2021	1,700,000	3.000
2022	3,100,000	3.000
2023	3,100,000	4.000
2024	3,100,000	4.000
2025	3,100,000	4.000
2026	3,100,000	4.000

Section 2. Designation of Purchaser as Agent. The County hereby designates the Purchaser as its agent for purposes of distributing the Final Official Statement relating to the Bonds to any participating underwriter in compliance with Rule 15c2-12 of the Securities and Exchange Commission.

Section 3. Terms of the Bonds. The Bonds shall be designated “General Obligation Bonds (Rock Haven Project), Series 2011B”; shall be dated November 16, 2011; shall be in the denomination of \$5,000 or any integral multiple thereof; and shall mature on September 1 of each year, in the years and principal amounts as set forth above. Interest is payable commencing on March 1, 2012 and semi-annually thereafter on September 1 and March 1 of each year.

Section 4. Redemption Provisions. At the option of the County, the Bonds maturing on September 1, 2022, and thereafter shall be subject to redemption prior to maturity on September 1, 2021 or on any date thereafter. Said Bonds shall be redeemable as a whole or in part, in inverse order of maturity and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

Section 5. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit B and incorporated herein by this reference.

Section 6. Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Bonds as the same becomes due, the full faith, credit and resources of the County are hereby irrevocably pledged and there is hereby levied upon all taxable property of the County a direct annual irrepealable tax in the years and amounts as follows:

<u>Levy Year</u>	<u>Amount</u>	<u>Levy Year</u>	<u>Amount</u>
2011	\$ 593,848.96	2019	\$1,824,500.00
2012	1,095,125.00	2020	2,340,000.00
2013	1,363,225.00	2021	3,689,000.00
2014	1,285,825.00	2022	3,596,000.00
2015	1,274,725.00	2023	3,472,000.00
2016	1,233,625.00	2024	3,348,000.00
2017	1,223,125.00	2025	3,224,000.00
2018	1,212,625.00		

The aforesaid direct annual irrevocable tax hereby levied shall be collected in addition to all other taxes and in the same manner and at the same time as other taxes of the County levied in said years are collected. So long as any part of the principal of or interest on the Bonds remains unpaid, the tax herein above levied shall be and continues irrevocable except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus in the Debt Service Fund Account created herein.

Section 7. Debt Service Fund Account. There is hereby established in the County treasury a fund account separate and distinct from every other County fund or account designated “Debt Service Fund Account for \$22,000,000 General Obligation Bonds (Rock Haven Project), Series 2011B, dated November 16, 2011.” There shall be deposited in said fund account any premium plus accrued interest paid on the Bonds at the time of delivery to the Purchaser, all money raised by taxation pursuant to Section 6 hereof and all other sums as may be necessary to pay interest on the Bonds when the same shall become due and to retire the Bonds at their respective maturity dates. Said fund account shall be used for the sole purpose of paying the principal of and interest on the Bonds and shall be maintained for such purpose until such indebtedness is fully paid or otherwise extinguished.

Section 8. Construction Fund. The proceeds of the Bonds (the “Bond Proceeds”) herein provided for (other than any premium and accrued interest paid at the time of delivery which must be paid into the Debt Service Fund Account created above) shall be segregated in a special fund upon receipt and shall be used solely for the purposes for which borrowed or for the payment of the principal of and interest on the Bonds.

Section 9. Arbitrage Covenant. The County shall not take any action with respect to the Bond Proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken on the date of the delivery of and payment for the Bonds (the “Closing”), would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”) and any income tax regulations promulgated thereunder (the “Regulations”).

The Bond Proceeds may be temporarily invested in legal investments until needed, provided however, that the County hereby covenants and agrees that so long as the Bonds remain outstanding, moneys on deposit in any fund or account created or

maintained in connection with the Bonds, whether such moneys were derived from the Bond Proceeds or from any other source, will not be used or invested in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code or Regulations.

The County Clerk, or other officer of the County charged with responsibility for issuing the Bonds, shall provide an appropriate certificate of the County, for inclusion in the transcript of proceedings, setting forth the reasonable expectations of the County regarding the amount and use of the Bond Proceeds and the facts and estimates on which such expectations are based, all as of the Closing.

Section 10. Additional Tax Covenants; Exemption from Rebate. The County hereby further covenants and agrees that it will take all necessary steps and perform all obligations required by the Code and Regulations (whether prior to or subsequent to the issuance of the Bonds) to assure that the Bonds are obligations described in Section 103(a) of the Code, the interest on which is excluded from gross income for federal income tax purposes, throughout their term. The County Clerk or other officer of the County charged with the responsibility of issuing the Bonds, shall provide an appropriate certificate of the County as of the Closing, for inclusion in the transcript of proceedings, certifying that it can and covenanting that it will comply with the provisions of the Code and Regulations.

Further, it is the intent of the County to take all reasonable and lawful actions to comply with any new tax laws enacted so that the Bonds will continue to be obligations described in Section 103(a) of the Code, the interest on which is excluded from gross income for federal income tax purposes.

The County anticipates that the Bonds will qualify for the construction expenditure exemption from the rebate requirements of the Code. The County Clerk or other officer of the County charged with the responsibility of issuing the Bonds, shall provide an appropriate certificate of the County as of the Closing, for inclusion in the transcript of proceedings, with respect to said exemption from the rebate requirements, and said County Clerk or other officer is hereby authorized to make any election on behalf of the County in order to comply with the rebate requirements of the Code. If, for any reason, the County did not qualify for any exemption from the rebate requirements of the Code, the County covenants that it would take all necessary steps to comply with such requirements.

Section 11. Persons Treated as Owners; Transfer of Bonds. The County Clerk shall keep books for the registration and for the transfer of the Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the County Clerk, duly endorsed for the transfer or

accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the County Clerk shall deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the County Clerk shall record the name of each transferee in the registration book. No registration shall be made to bearer. The County Clerk shall cancel any Bond surrendered for transfer.

The County shall cooperate in any such transfer, and the County Board Chairperson and County Clerk are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

The 15th day of each calendar month next preceding each interest payment date shall be the record date for the Bonds. Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the County maintained by the County Clerk at the close of business on the corresponding record date.

Section 12. Utilization of the Depository Trust Company Book-Entry-Only-System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the County has heretofore agreed to the applicable provisions set forth in the DTC Blanket Issuer Letter of Representation and the County Clerk has executed such Letter of Representation and delivered it to the DTC on behalf of the County.

Section 13. Execution of the Bonds. The Bonds shall be issued in typewritten form, one Bond for each maturity, executed on behalf of the County by the manual or facsimile signatures of the County Board Chairperson and County Clerk (except that one of the foregoing signature shall be manual), sealed with its official or corporate seal, if any, and delivered to the Purchaser upon payment to the County of the purchase price thereof, plus accrued interest to the date of delivery. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the delivery of the Bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until such delivery. The aforesaid officers are hereby authorized to do all acts and execute and deliver all documents as may be necessary and convenient to effectuate the Closing.

Section 14. Payment of the Bonds. The principal of and interest on the Bonds shall be paid by the County Treasurer or his or her agent in lawful money of the United States.

Section 15. Continuing Disclosure. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of its Continuing Disclosure Certificate which the County will execute and deliver on the Closing Date. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Section.

Section 16. Financial Advisory Services. The Financial Advisory Services Agreement with Wisconsin Public Finance Professionals, LLC attached hereto as Exhibit D is hereby approved and the County officers indicated as signatories to the agreement are hereby authorized to execute the same.

Section 17. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the County or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted this 27th day of November, 2011.”

Ms. Wirth went over the Summary of Sale Results, Preliminary Official Statement, Moody's Rating Summary and Standard & Poor's Rating Summary, Sale Results Bid Tabulation Form, Bid Form, Debt Service Schedule, and Pricing Summary. She pointed out that Moody's "Aa1" rating and Standard and Poor's "AA" rating remained the same.

Supervisor Diestler moved approval of the above resolution, second by Supervisor Beaver. ADOPTED.

Adjournment. Supervisor Podzilni moved adjournment at 5:45 P.M., second by Supervisor Kraft. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEE.